

HB0400S02 - Pilot Program to Study Coverage Parity for Amino Acid-based Formula

HB 400 S 2 (Redd, E) Anticipated Fiscal Impact:

Average of \$132,436 annual decrease of State of Utah medical reserves starting July 2017.

Assumptions:

1. **Prevalence:** For the conditions of eosinophilic esophagitis, eosinophilic gastritis, eosinophilic gastroenteritis, eosinophilic enteritis, eosinophilic colitis, and food protein-induced enterocolitis syndrome the prevalence in the State of Utah's population is 125 members with these diagnoses. Of those with these diagnoses, 12% would take the formula orally - the currently uncovered benefit. This amounts to 15 members.
2. **Estimated Cost of Services:** A published study titled, "Analysis of Assembly Bill 163: Amino Acid-Based Elemental Formulas," prepared by the California Health Benefits Review Program (CHBRP) estimate costs at \$13,900 per year per patient after weighting for age and recommended dosage. Further estimates by the National Institute of Health estimates the cost of formula during the first year of life is \$6,255. Estimates indicate that costs had not changed materially from this publication to when PEHP priced a similar bill in 2015. Since 2015 the pharmacy trend on formula products was calculated as 6.9%. We added two and a half years of trending (pricing for the plan year starting 7/1/2017). This created a starting point at age 0 of \$7,355. To this we added 5% for each incremental age until we reached the trended cost for the CHBRP study of \$14,300. From there we weighted the member / plan cost sharing assuming current weights of Traditional and STAR enrollment. The weighted sum across all ages for the first year of the pilot is \$155,943.
3. **Financial Impact Calculation:** The State pays 90% of the premium increase, resulting in a total fiscal impact of \$140,349 ($\$155,943 * 90\% = \$140,349$). The 2017-2018 value of the three-year pilot is \$397,308, for an average of \$132,436 per year.